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Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 SSO-00 INRE-00 USIE-00
AID-05 CEA-01 CIAE-00 COME-00 EA-07 FRB-03 INR-07
IO-13 NEA-10 NSAE-00 OPIC-03 SP-02 TRSE-00 LAB-04
EPG-02 SIL-01 AGRE-00 OMB-01 L-03 SS-15 NSC-05
NSCE-00 H-01 PRS-01 PA-01 AF-10 ARA-06 STR-04
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FM USMISSION OECD PARIS
TO SECSTATE WASH DC IMMEDIATE 6491

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DEPARTMENT PASS TREASURY FOR JUNZ AND LEDDT

E.O. 11652: N/A
TAGS: OECD, CIEC, EGEN
SUBJECT: CIEC: EC PROPOSAL ON COMPENSATORY FINANCING

REF: SEPTEL ON MAY 5 HORIZONTAL G-8

1. BELOW IS TEXT TABLED BT EC IN RAW MATERIALS G-8 MAY 5 ON COMPENSATORY FINANCING. IN RESPONSE TO QUESTION, EC REPINDICATED (1) THAT QTE VARIOUS PROPOSALS UNQTE LANGUAGE WAS MEANT TO REFER TO THOSE MADE BY SWEDEN AND G-19 AT CIEC AND BT LDC'S DRUING IMF MARCH REVIEW OF CFF; AND (2) THAT EC DID NOT ITSELF INTEND TO FURTHER ELABORATE THIS TEXT.

2. US RESPONSE TO THIS PROPOSAL IN HORIZONTAL AND RAW MATERIALS G-8 WAS NEITHER POSITIVE NOR NEGATIVE BUT STRESSED IMPORTANCE TO US THAT ANY LANGUAGE RECOMMEND-ING A STUDY OF EXPORT EARNINGS STABILIZATION NOT PREJUDGE OR POINT TO RESULTS OF SUCH A STUDY. OTHER
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THAN SWEDES, WHO INTEND TO PUT FORWARD OWN PROPOSAL FOR LANGUAGE, INITIAL REACTION OF REST OF G-8 PARALLELS OUR OWN.

3. LANGUAGE IN BRACKETS IS SUBJECT TO CHANGE UPON VERFICATION OF DETAILED RESULTS OF APRIL IMF INTERIM COMMITTEE MEETING.

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BEGIN TEXT
THE PARTICIPANTS RECOGNIZED THE IMPORTANCE OF EFFECTIVE INTERNATIONAL ACTION TO OFFSET THE ADVERSE EFFECTS ON DEVELOPING COUNTRIES OF EXCESSIVE FLUCTUATIONS IN EXPORT EARNINGS, INCLUDING IN PARTICULAR EARNINGS FROM EXPORTS OF PRIMARY COMMODITIES. IN THIS CONTEXT, THEY WELCOMED THE GREATLY EXPANDED USE OF THE IMF COMPENSATORY FINANCING FACILITY FOLLOWING ITS LIBERALIZATION IN JANUARY 1976 (AND THE SUBSTANTIAL INCREASE IN DEVELOPING COUNTRIES' DRAWING RIGHTS WHICH WILL STEM FROM THE QUOTA INCREASE TO TAKE EFFECT LATER THIS YEAR FOLLOWING THE 6TH REVIEW AND FROM THE FURTHER QUOTA INCREASES DISCUSSED AT THE INTERIM COMMITTEE MEETING IN APRIL 1977.) THEY TOOK NOTE OF VARIOUS PROPOSALS FOR FURTHER INTERNATIONAL ACTION IN THE AREA OF EXPORT EARNINGS STABILIZATION AND AGREED THAT AN INTERNATIONAL STUDY WAS REQUIRED TO ASSESS THE PRECISE NEEDS OF DEVELOPING COUNTRIES AND THE MOST APPROPRIATE FORM OF INTERNATIONAL RESPONSE TO THESE NEEDS. THEY CONSIDERED THAT THE NECESSARY WORK SHOULD BE SET IN HAND AS A MATTER OF URGENCY WITHIN THE IMF/IBRD DEVELOPMENT COMMITTEE AND THAT ACCOUNT SHOULD BE TAKEN OF ALL RELEVANT ECONOMIC AND INSTITUTIONAL ASPECTS.
END TEXT
KATZ

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TEXT, FINANCE, RAW MATERIALS, COMMITTEE MEETINGS, MEETING REPORTS
Control Number: n/a
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Sent Date: 05-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977OECDP13367
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770158-0499
Format: TEL
From: OECD PARIS
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19770590/aaaaczph.tel
Line Count: 88
Litigation Code IDs:
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Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 3d77179a-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
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Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2631514
Secure: OPEN
Status: NATIVE
Subject: CIEC: EC PROPOSAL ON COMPENSATORY FINANCING
TAGS: EGEN, OECD, CIEC
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/3d77179a-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
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US Department of State
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22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009